



DIVISION OF AGRICULTURE INDUSTRY REGULATION
BUREAU OF WAREHOUSES
P.O. BOX 19281
SPRINGFIELD, IL 62794-9281

PRICE LATER CONTRACTS: GUIDELINES FOR USE

1. Price later contracts must have the signature of both the producer and dealer within 30 days after the last date of delivery of grain intended to be sold by price later. ***If not signed by both parties within 30 days of the last date of delivery, grain is to be priced by dealer according to Section 40/10-15(e) of the Grain Code*** (Recommendation: A large sign at delivery point telling producers of the pricing mechanism for failure to sign contracts.)
2. Producers and dealers must date their respective signatures on price later contracts when signing. If a producer fails to date a signed price later contract they have mailed back to the grain dealer, the dealer should record the date received and initial. Grain dealer personnel shall not pre-date seller signature on price later contracts.
3. Price later contracts are to display: bushels; commodity; option month and basis terms; service charges; last date of delivery; balance of grain not priced; check numbers; date canceled or priced.
4. Upon reissuing price later contracts for all or any part of the same lot of grain, the date of last delivery from the original contract must be used on the reissued contract. The contract number of the original contract should be noted on the reissued contract for audit trail purposes.
5. Only **one** commodity can be referenced on each contract.
6. The bushel amount on a price later contract cannot be increased. Bushel amounts can only decrease as settlements are made.
7. A dealer shall keep a copy of all price later contracts, in numerical order, and must show current balance and disposition of any and all portions priced, on each contract.
8. For all grain delivered for sale to a grain dealer by price later, all scale tickets shall contain the following: "Sold Grain:Price Later". If scale tickets are not so marked, grain cannot be considered "company owned" at time of delivery.
9. No "storage" charges can be made with respect to any commodity purchased by price later. Only a "service" charge may be assessed. **No reference to "storage charges" shall be on any price later contract.**
10. A price later contract should be canceled the date the seller first becomes eligible for payment.
EXAMPLE: When grain on price later contract is priced by a forward cash contract, the price later contract should be canceled on the first business day that the forward cash contract is considered delivered upon and becomes a payable.
11. All grain on price later contracts that is sold via forward cash contract shall be so stated on the contract, for cross referencing purposes.

12. The rollover of a basis contract may be documented on the original contract with initials of both parties, or a new contract may be issued with proper cross-referencing documentation.
13. Grain may not be transferred from storage (warehouse receipt, open storage, or hold accounts) to price later until the price later contract is signed and dated by both parties. The “date of delivery” in this case is the date the price later contract is signed by seller.
14. When a pre-delivery price later contract is made out and signed, the estimated bushel amount of the contract must be indicated. Only the bushels that have been delivered against the price later contract shall be reflected in the long/short record.
15. When a price later contract is used as a pre-delivery contract, the original bushels may be adjusted down to reflect the actual amount of grain delivered against the contract. The buyer and seller must both initial this adjustment. If the producer delivers more than the original bushels, this over-run must be put on another contract, priced out, or put into storage.

SUGGESTION:

When mailing price later contracts to producers, always keep a copy for your numerical file.

NOTE:

Examiners are to report non-compliance with any of these guidelines for price later contracts. Depending on the severity of any price later violation, the Department may suspend/revoke privilege for future use of price later contracts.